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ACQUISITION REFORM

Since the establishment of the Department of Defense (DoD) by the National Security Act of 1947, there have been many attempts to reform and streamline the acquisition management process. Several executive branch commissions have studied the problems associated with defense acquisition, and a few of these made specific recommendations to modify or change the law regarding the system. Unfortunately, few of the recommendations proposed by these study groups actually resulted in legislation to affect DoD acquisition operations. The passage of the 1991 Department of Defense Authorization Act, however, was the first in a series of steps toward real change in the acquisition process. The law called for the establishment of a "panel" of experts, from government and private industry, to study the laws governing defense acquisition, and to propose to the Congress a set of "relevant acquisition laws." The Section 800 Panel (Public Law 101-510, section 800), as it was called, established a framework including the following goals.

- Streamline the defense acquisition process and prepare a proposed code of relevant acquisition laws.
- Eliminate acquisition laws that are unnecessary for the establishment and administration of the buyer and seller relationships in procurement.
- Ensure the continuing financial and ethical integrity of defense procurement programs.
- Protect the best interests of DoD.

With these goals as a foundation, the panel began their monumental task. The Section 800 report, submitted to the defense committees of Congress in January 1993, contained a recom-

mendation to repeal, delete, or amend almost 300 laws (of approximately 600 laws that were reviewed). The panel concentrated on changes that would help streamline the acquisition process throughout the 1990s, an era characterized by a declining DoD budget, smaller workforces, and significant changes in the threat to national security. Specific areas of concentration, which led to several far-reaching changes in the DoD acquisition process, included an emphasis on streamlining (fewer and more understandable laws), the use of commercial items wherever possible, and implementation of a set of simplified acquisition procedures (reducing the administrative overhead associated with "small" purchases).

Many of the panel's recommendations were implemented via subsequent legislation, the most notable examples being the 1994 Federal Acquisition Streamlining Act (FASA) and the 1996 National Defense Authorization Act. The FASA, signed by President Clinton on 13 October 1994, made numerous changes in the acquisition process. Many of the changes have a significant impact on contracting procedures. Some of these changes include emphasizing the use of Electronic Data Interchange (EDI) for the solicitation and award of government contracts, and raising the small purchase threshold (enabling the use of simplified acquisition procedures) to \$50,000 (\$100,000 if certified for the use of EDI). Other changes in FASA have a direct impact on Program Managers (PMs) in structuring their acquisition strategies. Areas affecting PMs include a limit on the number of articles (no more than ten percent) that can be procured under the auspices of Low Rate Initial Production (LRIP), the elimination of statutory requirements for competitive prototyping and competitive alternative sources, and an emphasis on the use of commercial items to satisfy requirements.

The fiscal year (FY) 1996 National Defense Authorization Act contains additional reform measures. Four of the more significant reform measures are:

- Repealing the Brooks Act (requiring procurement of commercial computer equipment through the General Services Administration (GSA));
- Clarifying and simplifying procurement integrity standards:
- Simplifying procurement procedures for commercial items: and
- Restructuring the DoD acquisition organization and workforce (including a 25 percent reduction over the next five years).

In addition to the reform measures contained in these laws, Secretary of Defense (SECDEF) William Perry has taken a number of steps to improve the DoD acquisition process. A series of Process Action Teams (PATs) were chartered over the past three years to investigate a variety of acquisition topics.

- Electronic Commerce/EDI
- Specifications and Standards
- Defense Acquisition Board (DAB) Oversight and Review
- Contract Administration Reform
- Procurement Process Reform
- Automated Acquisition Information
- DoD 5000 Series Rewrite

These PATs have completed their work and recommendations either have been, or are now being implemented. Other PATs with work currently in progress include:

- · Open Systems Joint Task Force, and
- Nongovernment Standards

Policy memos from the Under Secretary of Defense (Acquisition and Technology) (USD(A&T)) implement many of the SECDEF's policies to streamline the acquisition process. These

include the institutionalization of Integrated Product and Process Development (IPPD) and Integrated Product Teams (IPTs), emphasis on the use of commercial specifications and standards, implementation of performance-based specifications, and recognition of Cost as an Independent Variable (CAIV). The March 15, 1996 memorandum, *Update of the DoD 5000 Documents*, (refer to Chapter 3) incorporates the majority of the USD(A&T)'s policy memos.

Why have recent acquisition reform efforts been successful? Many would say it was the result of an end to the Cold War. Others cite the change in the political climate as a result of the 1992 Presidential and 1994 Congressional elections. Still others recognize the efforts of the Deputy Under Secretary of Defense for Acquisition Reform (DUSD (AR)), as the major force behind acquisition reform. All three factors certainly played a part in recent acquisition reform measures. Clearly the way the DoD does business is changing. Acquisition processes will continue to evolve as DoD strives to provide the warfighters the best products at the best dollar value in the most timely manner possible.